

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

Media Excerpts: A snapshot of state and national energy issues*

Energy Awareness Conference

Louisville, KY – Sept. 20, 2006

National Renewable Energy Conference

St. Louis, MO – Oct. 10-12, 2006

Bluegrass Energy & Green Living Expo

Lexington, KY – Oct. 14-15, 2006

USDA announces \$17.5 million investment in renewable energy and energy efficiency. Agriculture Secretary Mike Johanns announced the award of \$17,510,887 in Section 9006 Renewable Energy and Energy Efficiency Program Grants to 375 recipients in 36 states today. The grant program compliments the Bush Administration's overall effort to increase America's energy independence through the development of renewable energy resources as well as improving efficiency of existing systems. ("USDA announces \$17.5 million investment in renewable energy and energy efficiency," *USDA*, 8-30-06)

East Kentucky Power's proposal brings opposition. East Kentucky Power Cooperative is moving ahead with a planned 97.5-mile utility line across Warren, Barren, Ohio and Butler counties despite opposition by some landowners and historical preservation agencies. The power company has filed a condemnation suit in Warren Circuit Court against the Perkins family, owners of a 380-acre cattle farm. The suit seeks a 150-foot-wide easement for dual lines of electrical towers that would cross the farm on a path close to some historic features. The \$50.7 million, 161-kilovolt line is designed to connect Warren Rural Electric Cooperative's 56,000 customers with an East Kentucky Power plant. ("East Kentucky Power's proposal brings opposition," *Herald-Leader*, 8-29-06)

PSC approves clean-coal power plant in Clark. East Kentucky Power Cooperative was given the go-ahead by a state agency yesterday to build a coal-fired power plant in Clark County. The Kentucky Public Service Commission approved the plant, which will generate 278 megawatts. It will be accompanied by five 90-megawatt gas-fired units that also were approved yesterday for the J.K. Smith Power Station at Trapp. The site already has seven gas units. The PSC said the company needs the plant to meet growing demands for electricity. East Kentucky Power still needs approval from the federal Rural Utility Service and the Kentucky Division for Air Quality, company spokesman Kevin Osbourn said. The air permit application will be filed in September, he said. ("PSC approves clean-coal power plant in Clark," *Herald-Leader*, 8-30-06)

Growth in ethanol industry makes national mandate moot. The ethanol fuel industry is growing so rapidly that a national Renewable Fuels Standard (RFS), passed as part of the Energy Policy Act of 2005, is already moot. The RFS requires 4 billion gallons of biofuels production in 2006 and 4.7 billion gallons in 2007, increasing gradually to 7.5 billion gallons in 2012. But according to the latest press release from the Renewable Fuels Association (RFA), there are currently 101 ethanol facilities nationwide with the capacity to produce more than 4.8 billion gallons of ethanol per year, an amount that already exceeds the requirement for next year. With an additional 41 ethanol facilities under construction and 7 expansions underway, the industry is in the process of adding nearly 2.8 billion gallons of new capacity. That will provide enough capacity for the industry to produce 7.6 billion gallons of ethanol per year, which already exceeds the goal for 2012. ("Growth in ethanol industry makes national mandate moot," *EERE*, 8-30-06)

California unveils global warming plan. California will impose broad caps on its greenhouse-gas emissions under a landmark plan that marks a clear break with the federal government and which backers hope will become a national model. Republican Gov. Arnold Schwarzenegger, who helped assemble the plan, called Wednesday's agreement "an example for other states and nations to follow as the fight against climate change continues." ("California unveils global warming plan," *Washington Post*, 8-31-06)

Long road ahead for ethanol to become popular. Ethanol must become more economical and more available at the pump before it will become popular with consumers, said Lincoln Hill, director of the Ford Motor Co.-sponsored Bold Moves Tour to promote ethanol use. Hill, in Bloomington Thursday, said he's heard news reports as he's traveled across the Midwest in a Ford F-150 pickup truck powered by E85 fuel from Ohio to Illinois telling how governors want to boost ethanol production to help state economies. Illinois Gov. Rod Blagojevich this week announced a \$1.2 billion energy plan to build as many as 20 plants to turn corn into ethanol and another four sites to make ethanol from plant waste. He wants biofuels to meet half the state's energy needs by 2017. Ethanol is not new, said Hill, who'll visit nearly 70 cities in three months driving a flex-fuel Mustang, the F-150 and the new Edge made by Ford. Nearly 100 years ago, Henry Ford insisted his Model T was built to handle the grain-based fuel so farmers could produce their own and avoid driving to buy gasoline at a hardware store miles away. ("Long road ahead for ethanol to become popular," *Pantagraph*, 8-25-06)

Midwestern governors support bold U.S. energy goal. - Join Growing Nationwide, Bipartisan Call for Renewable Energy. – Citing the importance of developing more renewable energy sources in the U.S., Gov. Tim Pawlenty announced the Midwestern Governors Association's support of the 25x25 energy initiative. Gov. Pawlenty chairs the 13-member Midwestern Governors Association. The Governors join a growing, bipartisan list of endorsers who support establishment of a national goal, calling for 25 percent of our nation's energy supply from renewable sources by 2025. "If there is one issue that unites Midwestern governors, it is the goal of fully utilizing the economic, environmental and national security benefits of increased production and consumption of biofuels and bioenergy," explained Jesse Heier, Washington Director of the Midwestern Governors Association. ("Midwestern governors support bold U.S. energy goal," *Midwestern Governor's Association*, 8-2006)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	08/30/06	08/23/06	08/16/06	08/09/06	Year Ago
Gasoline (State avg.)	2.626	2.743	2.861	2.978	2.513
Ashland	2.698	2.813	2.890	2.957	2.539
Covington	2.669	2.788	2.913	3.049	2.600
Lexington	2.504	2.649	2.802	2.957	2.475
Louisville	2.601	2.711	2.877	3.095	2.499
Owensboro	2.570	2.719	2.840	2.909	2.431
Diesel (State avg.)	2.930	2.935	2.962	2.984	2.508
Ashland	2.912	2.938	2.966	2.990	2.533
Covington	2.954	2.945	2.972	2.997	2.518
Lexington	2.945	2.950	2.984	3.002	2.517
Louisville	2.945	2.964	2.972	2.990	2.485
Owensboro	2.905	2.910	2.883	2.963	2.477

Note: The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

Source: Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

Wholesale Fuel Prices

Spot Prices	08/30/06	08/23/06	08/16/06	08/09/06	Year Ago
Crude Oil (Dollars per barrel)	70.04	71.42	71.90	76.36	69.82
West Texas Intermediate, fob					
Natural Gas (Dollars per MMBtu)	6.390	6.100	7.010	7.630	12.43
Henry-Hub					

Source: Oilenergy.com

Futures		Sept-06	Oct-06	Nov-06
Crude Oil (Dollars per barrel)	08/30/06	-	70.03	71.09
Light Sweet Crude Oil	08/23/06	-	-	71.76
	08/16/06	71.89	73.19	74.19
Natural Gas (Dollars per MMBtu)	08/30/06	-	6.290	8.260
Henry-Hub	08/23/06	6.875	7.006	9.006
	08/16/06	6.766	6.939	8.819
Propane (Cents per gallon)	08/30/06	112.00	112.00	113.00
	08/23/06	113.00	113.50	114.50
	08/16/06	113.50	114.00	115.00
Coal (Dollars per ton)	08/28/06	47.00	-	-
Central Appalachian	08/21/06	46.50	-	-
	08/14/06	47.50	-	-

Source: [NYMEX closing price](#) and [EIA Coal Futures](#)

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